

BEFORE

THE PUBLIC SERVICE COMMISSION OF

SOUTH CAROLINA

DOCKET NO. 2014-419-E - ORDER NO. 2021-229

JULY 2, 2021

IN RE: Application of Duke Energy Progress, LLC)	ORDER APPROVING
Requesting Approval of Experimental Tariff)	MODIFICATIONS
on Multi-Family Energy Efficiency Program)	TO RESIDENTIAL
)	MULTI-FAMILY
)	ENERGY EFFICIENCY
)	PROGRAM

This matter comes before the Public Service Commission of South Carolina (“Commission”) on the Application of Duke Energy Progress, LLC (the “Company” or “DEP”) for an order approving the Company’s request to modify its Residential Multi-Family Energy Efficiency Program (the “MFEE Program”), an energy efficiency program originally approved by the Commission through Order No. 2014-953.

The Company’s request was filed on February 26, 2021, and the Company served its Application on the South Carolina Office of Regulatory Staff (“ORS”). ORS informed the Commission by correspondence dated March 23, 2021, that it had no objection to the request. The Commission approves the Company’s Application for proposed tariff modifications to its Residential Multi-Family Energy Efficiency Program which would also permit the Company to offer measures to property managers or owners at discounted prices.

I. BACKGROUND

The MFEE Program was proposed by the Company as an energy efficiency program in Docket No. 2014-419-E and received the Commission's approval through Order No. 2014-953. Eligibility for the program was expanded in 2018 through Order No. 2018-396. The MFEE Program is currently implemented under tariff "Residential Multi-Family Energy Efficiency Program MEE-4."

The purpose of the MFEE Program, as explained by the Company in its request for modification, is to encourage multi-family property owners, property managers, and tenants to become more energy efficient through the installation of new energy efficiency measures in permanent fixtures and energy efficient devices. The MFEE Program currently offers energy efficient lighting measures and energy efficient water heating measures at no cost to the property manager or tenant.

II. APPLICATION REQUESTING MODIFICATION TO MFEE PROGRAM AND TARIFF

The Company seeks changes to its existing MFEE Program and corresponding tariff. DEP proposes to modify its MFEE Program and tariff such that the Company may offer measures to the property managers or owners at discounted prices.

The Company states the requested tariff modifications proposed in its Application would permit the Company to offer measures to the property managers or owners at discounted prices. While some measures are currently available under the existing MFEE Program at no cost, DEP asserts that modifying its tariff to expand the Company's ability to also offer measures at a discounted cost to customers will expand the measures that can be made available to customers. Additionally, DEP is also requesting that costs

incurred by the Company associated with its modified MFEE Program continue to be eligible for recovery through the Company's EE/DSM rates, in accordance with the approved cost recovery mechanism.

DEP expects its proposed modifications to the MFEE Program and its corresponding tariff to be cost-effective and to provide the anticipated system-level cost effectiveness scores in the following table:

Cost-Effectiveness Tests	Cost-Effectiveness Results
Utility Cost Test (UCT)	2.84
Total Resource Cost Test (TRC)	2.97
Rate Impact Measure Test (RIM)	0.64
Participant Test	9.61

The Company's proposed tariff modifications also add the standard language permitting the Company to retain program benefits. *See* Order No. 2016-872 at 4, Docket No. 2013-298-E (Dec. 20, 2016); Order No. 2016-873 at 4, Docket No. 2015-163-E (Dec. 20, 2016). The Company's Retention of Program Benefits states that:

[i]ncentives and other considerations offered under the terms of this Program are understood to be an essential element in the recipient's decision to participate in the Program. Upon payment of these considerations, the Company will be entitled to any and all environmental, energy efficiency, and demand reduction benefits and attributes, including all reporting and compliance rights associated with participation in the Program.

See, Proposed Tariff at 1.

Upon Commission approval of these program modifications, the Company would file a compliance tariff with the Commission's E-Tariff System and continue to recover program costs through the Company's energy efficiency and demand side management

(“EE/DSM”) rates in accordance with the approved EE/DSM cost recovery mechanism.

DEP states that it believes the MFEE Program modifications support the program’s cost-effectiveness. The Company also states that the proposed modifications to the MFEE Program were introduced to and garnered support from stakeholders in the DSM/EE Collaborative.

III. FINDINGS OF FACT

After review of all of the evidence presented in the Application, the results of the ORS review, the Commission makes the following findings of fact:

1. The Commission is authorized to approve procedures encouraging electrical utilities to offer programs and incentives for investing in energy supply and end-use technologies that are cost-effective, environmentally acceptable, and reduce energy consumption or demand. In fact, S.C. Code Ann. § 58-37-20 provides as follows:

The South Carolina Public Service Commission may adopt procedures that encourage electrical utilities and public utilities providing gas services subject to the jurisdiction of the commission to invest in cost-effective energy efficient technologies and energy conservation programs. If adopted, these procedures must: provide incentives and cost recovery for energy suppliers and distributors who invest in energy supply and end-use technologies that are cost-effective, environmentally acceptable, and reduce energy consumption or demand; allow energy suppliers and distributors to recover costs and obtain a reasonable rate of return on their investment in qualified demand-side management programs sufficient to make these programs at least as financially attractive as construction of new generating facilities; require the Public Service Commission to establish rates and charges that ensure that the net income of an electrical or gas utility regulated by the commission after implementation of specific cost-effective energy conservation measures is at least as high as the net income would have been if the energy conservation measures had not been implemented. For purposes of this section only, the term “demand-side activity” means a program conducted by an electrical utility or public utility providing gas services for the reduction or more

efficient use of energy requirements of the utility or its customers including, but not limited to, utility transmission and distribution system efficiency, customer conservation and efficiency, load management, cogeneration, and renewable energy technologies.

2. On January 15, 2021, the Commission issued Order No. 2021-33 in Docket No. 2015-163-E, which approved certain modifications to the Company's EE/DSM cost recovery mechanism. Section C of the EE/DSM cost recovery mechanism—which was attached in full to Order No. 2021-33 as a component of Order Exhibit No. 1—requires the Company to “file any substantial modifications to Commission-approved DSM/EE Programs with the Commission for its approval.”

3. The proposed MFEE program modifications are just and reasonable and are consistent with S.C. Code Ann. § 58-37-20.

4. Section 58-37-20 seeks to promote the implementation of programs that “provide incentives and cost recovery for energy suppliers and distributors who invest in energy supply and end-use technologies that are cost-effective, environmentally acceptable, and reduce energy consumption or demand . . .” S.C. Code Ann. § 58-37-20.

5. ORS was properly served with the Application in this Docket and did review the proposed modification to DEP's MFEE Program and its corresponding tariff.

6. Following its review of the Company's Application, ORS does not object to, or oppose, the Company's requested modifications to the MFEE Program and corresponding tariff.

7. Based upon its review of the Company's Application, ORS also does not object to, or oppose, the Company's request that the costs incurred by DEP associated with the modified MFEE Program continue to be eligible for recovery through the

Company's EE/DSM rates, in accordance with the approved cost recovery mechanism.

IV. CONCLUSIONS OF LAW

Based upon the evidence in the record, the aforementioned findings of fact, and applicable law, the Commission makes the following conclusions of law:

1. DEP's proposed MFEE program modifications and corresponding tariff change are just and reasonable, and are consistent with the public interest.

2. The Company's proposed program modifications are consistent with the provisions of S.C. Code Ann. § 58-37-20, promoting the implementation of programs incentivizing energy suppliers and distributors to invest in energy supply and end-use technologies which are cost-effective, environmentally acceptable, and reduce energy consumption or demand.

V. ORDERING PARAGRAPHS

IT IS THEREFORE ORDERED, ADJUDGED, AND DECREED THAT:

1. DEP's proposed modifications to its Residential Multi-Family Energy Efficiency Program and to its corresponding tariff are approved as just and reasonable and consistent with the public interest.

2. Prior to implementation, the Company shall electronically file an updated rider reflecting the modifications proposed in its Application to the MFEE Program and corresponding tariff.

3. DEP shall file a compliance tariff with the Commission's E-Tariff System within ten (10) days of receipt of this Order.

4. This Order shall remain in full force and effect until further order of the Commission.

BY ORDER OF THE COMMISSION:



Justin T. Williams, Chairman
Public Service Commission of
South Carolina